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Report on activities of the Inspector General's Office

Report of the High Commissioner

Summary

This report covers the work of the Inspector General's Office for the period from July 2017 through June 2018. It is provided pursuant to the decision of the Executive Committee of the High Commissioner's Programme to consider reports relating to programme and administrative oversight and evaluation during its annual plenary session (A/AC.96/1003, para. 25(1)(f)(vi)). The Executive Committee has further requested that "summary reports covering inquiries and the main categories of investigations, the number of such types of investigation, the average time taken to complete investigations and a description of related disciplinary action" regularly be made available (A/AC.96/1021, para. 24(e)).

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I. Introduction

1. This report outlines activities undertaken by the Inspector General's Office (IGO) from July 2017 to June 2018 and also provides an update on developments related to management and reform.

II. Management

A. Reform

2. During the reporting period, a number of significant changes took place concerning the IGO's structure, roles, responsibilities and relationship with other oversight entities, inside and outside UNHCR. These occurred as a result of the 2016 external review of UNHCR's oversight functions and the recommendations subsequently endorsed by the High Commissioner. The review called for the rationalization of UNHCR's oversight functions in order to maximize efficiency and to strengthen coherence and coordination among the different oversight entities. Significant progress has been achieved concerning the implementation of the recommendations, with the majority having been completed by the end of June 2018.

1. Internal audit function

3. Several of the recommendations pertained to the internal audit function, provided to UNHCR by the United Nations Office of Internal Oversight Services (OIOS). While maintaining its independence, the internal audit function needed to be better integrated into UNHCR's overall oversight architecture so as to ensure optimal outcomes. Thus, the following measures were taken:

- The internal audit interface was transferred from the Division of Financial and Administrative Management (DFAM) to the IGO on 1 August 2017.

  Impact: Audit processes were simplified, roles and responsibilities were clarified, and contact improved between senior management and internal auditors. A new memorandum of understanding between UNHCR and OIOS was signed in March 2018 reflecting these changes.

- Through improved collaboration between the IGO, the OIOS UNHCR Audit Service and the Division of International Protection, risk-based audit tools for auditing protection systems and processes were developed and updated, and two Senior Protection Officers from UNHCR were seconded to the OIOS UNHCR Audit Service to assist on selected audit engagements.

  Impact: The capacity of internal audit staff to audit protection systems and processes was strengthened, and the staff seconded from UNHCR will gain important transferable knowledge and skills in audit, risk management and internal controls.

- Three online training programmes on the changes arising from the oversight reforms were developed and launched by the IGO, with the support of the OIOS UNHCR Audit Service, DFAM and UNHCR's Global Learning Centre.

  Impact: The understanding, knowledge and skills of UNHCR managers and staff in audit matters have been enhanced.

- Closer coordination was established between members of the Senior Executive Team and senior management together with the IGO and the OIOS UNHCR Audit Service on oversight matters.

  Impact: Improved understanding of oversight activities and findings, earlier communication of emerging risks, and improved management response.

2. Mapping of risk management and control processes

4. The external review recommended that the Office undertake a comprehensive mapping of its risk management and control processes to ensure there were no gaps or duplication. UNHCR adopted a model of "three lines of defence"[1] in July 2017, in line with a decision of the United Nations High-Level Committee on Management. The OIOS UNHCR Audit Service was then commissioned to conduct an advisory review on the functioning of UNHCR's second line of defence, which was undertaken in collaboration with the IGO, senior management, the regional bureaux and divisions, and regional offices. The report was published in May 2018, and the conclusions are being taken into account in the ongoing headquarters review. UNHCR will assess the effectiveness and functioning of the first and third lines of defence at a later stage.

3. Internal Compliance and Accountability Committee

5. The IGO reviewed the purpose, responsibilities and membership of the Internal Compliance and Accountability Committee (ICAC). Subsequently, it recommended that the ICAC responsibilities be assumed by the Senior Management Committee through strategic meetings with a specific focus on oversight. The High Commissioner accepted the recommendation and dissolved the ICAC in July 2017. The first strategic oversight meeting took place in January 2018, where the IGO presented the key findings of its recent work for the attention and action of management.

4. New Strategic Oversight Service and planning tool

6. Several recommendations contained in the review related to the discontinuation of standard inspections, the transfer of new functions to the IGO and improving knowledge of overall oversight activities and findings. In August 2017, through existing resources, the IGO established a new Strategic Oversight Service. Its key responsibilities include: strengthening organization-wide response to oversight findings; facilitating the coherence of oversight functions; and strengthening the IGO's oversight capacity and profile. It also provides secretariat services to the Independent Audit and Oversight Committee (IAOC), acts as focal point for the Joint Inspection Unit of the United Nations System (JIU), and undertakes inquiries into events that could directly impact or pose a serious risk to the organization's mandated responsibilities and reputation.

7. In order to facilitate a holistic view of critical control issues and related recommendations, monitor their implementation and facilitate strategic analysis and the identification of areas of vulnerability, the external review recommended the introduction of a common data management platform. The first phase of the project is complete with the development of a low-cost tool to collect and analyse oversight planning data from OIOS and other relevant internal entities. The second phase of the project, which is expected to

[1] The first line of defence relates to operational management, including through programme support; the second line to monitoring and compliance, mainly exercised by the regional bureaux and divisions at Headquarters; and the third line to internal oversight, including internal audit, investigation and evaluation.

be completed in 2019, entails the development of data management capability to collect and analyse data on oversight findings and implementation.

5. New oversight policy

8. A new oversight policy is being developed by the IGO in collaboration with the OIOS UNHCR Audit Service, the Evaluation Service and several other internal entities. It will articulate the over-arching framework for different internal and external oversight functions, while also clarifying the role of the Inspector General. An updated administrative instruction on investigations is also underway. Both documents are expected to be issued by year end.

B. Collaboration

9. Partnerships are essential for the IGO to be able to effectively carry out its work. Efforts were undertaken to improve partnerships internally and with external entities, with particular emphasis on those facing similar operational challenges. In the case of the Uganda investigations (see paras 33-36 below), close cooperation with the World Food Programme (WFP) ensured effective coordination of activities on the ground and a harmonized approach towards common partners. Cooperation agreements were pursued with the Department for International Development (DFID) of the United Kingdom of Great Britain and Northern Ireland, the Global Fund, the European Anti-Fraud Office (OLAF), the United States Agency for International Development (USAID), the United States Department of State and WFP, while one was already signed with the International Organization for Migration (IOM). The IGO also plays a key role in the United Nations Network of Investigators, as well as in the Syria Investigations Working Group, which brings together key donors and agencies actively engaged in responding to the Syria situation.

10. Within UNHCR, the IGO worked closely with the Executive Office and senior management, sharing investigation findings and recommendations with a view to strengthening internal controls and risk mitigation systems. It also systematically collaborated with the Division of Human Resources (DHR) (formerly the Division of Human Resources Management) and the Legal Affairs Service (LAS) on the transmission of cases for disciplinary proceedings, and with the Ethics and the Ombudsman's Offices on dispute resolution and the preparation of an administrative instruction on protection against retaliation. Cases of fraud by the organization's implementing partners were regularly referred to DFAM, and fraud by vendors to the Division of Emergency Security and Supply (DESS). The IGO also worked closely with the Division of External Relations, including the Donor Relations and Resource Mobilization Service on donor assessments, agreements and reporting, and the Communications and Public Information Service in response to media enquiries. Collaboration was also enhanced with OIOS in relation to the provision of internal audit services, and with the Evaluation Service in order to ensure complementarity of actions. The IGO also supported the Enterprise Risk Management (ERM) unit in the conceptualization of the new risk management 2.0 initiative aimed at strengthening risk mitigation across the organization.

C. Strengthening the Inspector General's Office

1. Additional resources

11. Since 2016, the Investigation Service has been engaged in several investigations in Kenya. To support these investigations, additional capacity in the form of three

supplementary investigators and one support staff in Nairobi was approved for 2017 and the first nine months of 2018.

12. In response to the rising number of complaints of misconduct and the renewed efforts to prevent and respond to sexual exploitation and abuse, and sexual harassment, additional resources were received to strengthen and reinforce the IGO's investigative capacity for 2018-2019. Four new positions were created: two investigators in Pretoria, one investigator to support the Intake Unit in Bangkok to assess the rising number of misconduct complaints, and a Reporting Officer in Geneva to respond to the increasing reporting requirements of the IGO. With these positions, the IGO is better able to respond to such complaints, while ensuring that other types of serious misconduct continue to be properly investigated, and meet the reporting obligations.

13. Resources pertaining to the internal audit services provided by OIOS, including the funds needed to cover a Senior Oversight Associate position, were transferred from DFAM to the IGO's budget control in August 2017, together with the resources required for the provision of support to the IAOC.

2. Professionalization

14. The Investigation Service continued to professionalize its staffing through the reclassification of a position at Headquarters from Senior Investigation Officer to Senior Investigation Specialist. A position of Business Intelligence Analyst was also filled.

15. The capacity of the Investigation Service was further supplemented by two consultants for three months to conduct proactive investigations into UNHCR-led construction projects.

16. With the creation of the Strategic Oversight Service, a new Senior Oversight Officer expert position was also filled. The incumbent brings to UNHCR expertise and experience in audit, investigations and risk management from international organizations and the private sector.

3. Training

17. The IGO encourages its staff to undertake professional development through training and participation in conferences and workshops. Staff from the IGO participated in training on digital forensics and attended an IKEA workshop on organizational culture, values and ethics, a conference on preventing fraud and corruption in international and non-profit organizations, and the eighteenth Conference of International Investigators and several meetings of the United Nations Representatives of Investigative Services (UN-RIS).

D. Senior management positions

18. The Head of Strategic Oversight (a D-1 position) joined the organization in May 2018. He brings to UNHCR a wealth of relevant experience and knowledge in audit, combined assurance, governance and oversight from the private sector and non-governmental organizations (NGOs).

E. Management tools

19. Management implication reports are issued by the Inspector General for the attention of executive and senior management. They are an important aspect of UNHCR's ERM practices as they highlight systemic weaknesses, flaws and gaps revealed in the course of

conducting investigations. Furthermore, they contain recommendations and include requirements for implementation and reporting.

20. During the reporting period, 15 management implication reports were issued by the Investigation Service, up from 9 issued last year. They addressed programme and financial management, administration, asset management and procurement issues. The compliance rate for recommendations from management implication reports is 100 per cent.

III. Strategic oversight

A. General

21. The Strategic Oversight Service was established in August 2017 and was fully staffed by the end of May 2018, following the external recruitment of two experts at the P-4 and D-1 levels. The team is comprised of expertise from audit, oversight, investigation, operations and protection.

22. During the reporting period, the Strategic Oversight Service participated in the IGO annual planning processes and contributed to regular and ad hoc reports. It monitored the implementation of oversight recommendations, contributed risk and control expertise to two management reviews, developed collaboration with OIOS and provided support to the IAOC and the JIU. The Service worked in close collaboration with the Ethics Office, the Evaluation Service and the Enterprise Risk Management unit and drew in its analyses from the work of relevant oversight bodies, including the JIU, the United Nations Board of Auditors, the OIOS UNHCR Audit Service and the Evaluation Service.

B. Follow-up on outstanding inspection recommendations

23. The Strategic Oversight Service worked with the regional bureaux and operations to close seven inspection compliance cycles which were open at the time of the High Commissioner's announcement to suspend standard inspections, as recommended by the external review. The only remaining open inspection, which is expected to be closed by year end, concerns UNHCR's Regional Representation in West Africa.

C. Collaboration with the Joint Inspection Unit of the United Nations System

24. The IGO continued to closely collaborate with the JIU, contributing to its programme of work for 2017 and 2018. During the second half of 2017, UNHCR provided its response to draft JIU reports on seven system-wide reviews. During the first half of 2018, the JIU commenced six system-wide reviews, out of a total of eight reviews planned for 2018. UNHCR provided feedback on the terms of reference and questionnaires related to all reviews. In close coordination with relevant headquarters entities, the IGO provided updates to the JIU which resulted in the closure of a number of recommendations issued to UNHCR between 2011 and 2016. UNHCR's acceptance and implementation rates continue to be among the highest of JIU participating organizations.

D. Support to the Independent Audit and Oversight Committee

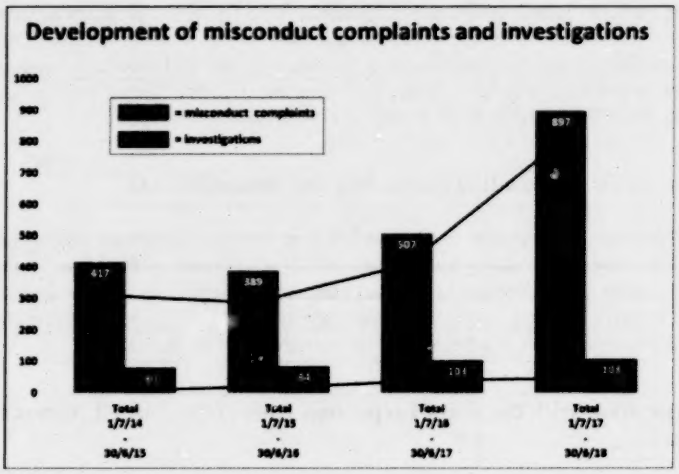
25. The Independent Audit and Oversight Committee (IAOC) Secretariat was transferred from DFAM to the Strategic Oversight Service in 2017. Secretariat services

were provided to three IAOC sessions. The Secretariat also coordinated the recruitment of three new committee members who will start in 2018, and two who will start in 2019 to replace members whose tenures were coming to an end. In the coming months, support will be provided to orient the new members.

IV. Investigations

A. Caseload and reporting

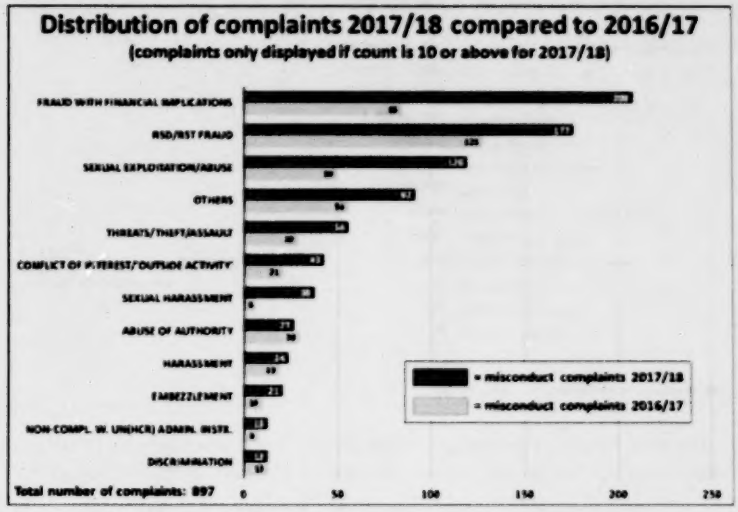
26. During the reporting period, the IGO registered 897 misconduct complaints. As shown in the chart below, the number of misconduct complaints increased from 507[2] in 2016-2017 to 897 in 2017-2018, representing an increase of 77 per cent. While the reasons for this increase continue to be analysed, likely explanations include: improved awareness of internal reporting mechanisms; increased media attention on certain types of misconduct which has raised awareness and encouraged people to come forward; strong internal messaging from senior management; and growing confidence in the organization's ability to respond, including through the professionalization and strengthening of the Investigation Service.



27. The breakdown of the type of complaints of misconduct for 2017-2018 with a comparison to 2016-2017 is set out in the chart below. The highest number of misconduct complaints (209 representing 23 per cent) related to fraud with financial implications. The second highest number of misconduct complaints (177 representing 20 per cent) related to refugee status determination and resettlement fraud, and the third highest number (120 representing 13 per cent) related to sexual exploitation and abuse. The three top categories remained the same as in 2016-2017, although fraud with financial implications surpassed refugee status determination and resettlement fraud as the highest category. The chart also demonstrates a significant increase in all three main categories, particularly fraud

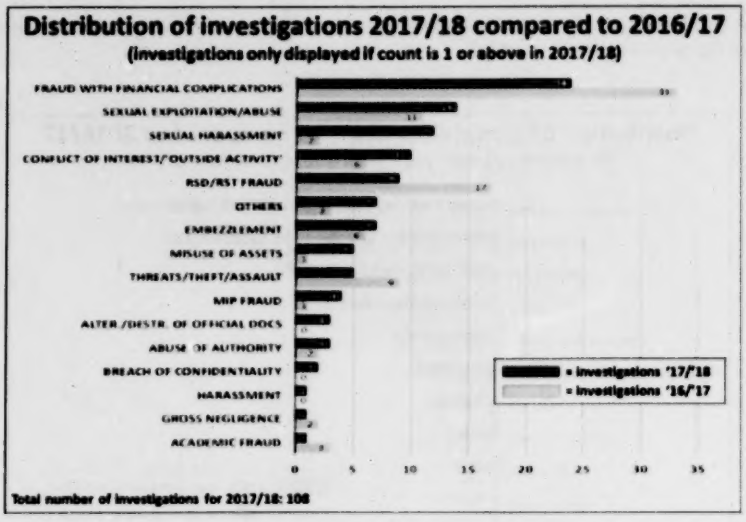
[2] Some of the figures have been modified from the previous report on activities of the Inspector General's Office (A/AC.96/1171 of 24 July 2017) due to a reassessment of individual complaints.

with financial implications, and sexual exploitation and abuse increased more than two-fold from the previous reporting period.



28. During the reporting period, 108 new investigation cases were opened. The breakdown of the type of investigations for 2017-2018, with a comparison to 2016-2017, is set out in the chart below. The highest number of investigations (24) related to fraud with financial implications. The second highest number of investigations (14) related to sexual exploitation and abuse, and the third highest to sexual harassment (12).

29. During the reporting period, 104 investigations were completed, implicating 126 individuals in alleged misconduct. The cases of 65 members of UNHCR personnel were transmitted to the Division of Human Resources (DHR) for further action, including with respect to disciplinary measures. Fifty-eight per cent of the 65 cases are currently pending completion of the disciplinary process, 20 per cent resulted in dismissal or separation following the completion of the disciplinary process, 8 per cent resulted in other disciplinary actions following the completion of the disciplinary process and 14 per cent resulted in other administrative actions being taken by DHR. Owing to serious security concerns, there were significant challenges to completing the disciplinary process in some of the cases and in relation to referrals to national authorities. However, three cases involving credible allegations of criminal conduct were referred to the respective national authorities during the reporting period. Out of 104 completed investigations, 9 relating to implementing partner staff and contractors were substantiated and were referred to DFAM and DESS for further action. The remaining cases were closed as the complaints could not be substantiated or were unfounded.



30. The ratio between misconduct complaints (897) and investigations (108) increased considerably during the reporting period. This can be explained by the following:

(a) An investigation is only opened when the initial assessment indicates that the alleged matter could amount to misconduct, the information is reported in good faith and is sufficiently detailed, and when it is likely that an investigation would reveal sufficient evidence to pursue the matter as a disciplinary case.

(b) The considerable increase in misconduct complaints (77 per cent) requires that the Investigation Service consider the criticality of the complaint when deciding whether it is escalated into a formal investigation. Misconduct complaints that can be dealt with through managerial interventions are referred to management.

(c) The significant increases in sexual exploitation and abuse, and sexual harassment complaints have impacted the processing of other investigations as they are complex and resource intensive, and normally require immediate action. During the reporting period, approximately 40 per cent of the finalized investigation cases were not processed within the desired timeline of six months.[3]

(d) Several investigators are heavily engaged in responding to increasing reporting requirements by donors and multiple requests for information by the media, undertaking outreach activities and a variety of policy initiatives, and participating in task forces.

31. The above factors have had a negative impact on key performance indicators for the processing of misconduct complaints and investigations, and the Investigation Service has not been able to consistently meet its reporting requirements to donors as set out in donor agreements. In recognition of these challenges, four new positions were approved for the IGO, which are currently advertised.

[3] This statement relates to the first half of the reporting period (June-December 2017) as it is only possible to report on the second half (January-June 2018) at the end of 2018, when the six month period has lapsed.

32. The IGO conducted several resource-intensive investigations into complaints of misconduct in Kenya. In Kakuma, one additional UNHCR staff member was found to have committed misconduct by accepting bribes from refugees for services which they were entitled to receive free of charge, and for intimidating refugees and UNHCR personnel; this brought the total number of staff members found to have committed misconduct to six. Out of the six, two resigned, three were dismissed following the completion of the disciplinary process, and disciplinary proceedings are pending in one case. To date, four staff members have been referred to national law enforcement authorities in Kenya, while the other cases are pending referrals in light of consideration of serious security concerns. In Dadaab, several investigations were conducted into similar complaints. Complaints were substantiated against four staff members and disciplinary proceedings are currently ongoing, while two investigations are still pending.

33. Investigations were also opened by the IGO in Uganda. These concern fraud with financial implications, theft, and sexual exploitation and abuse by UNHCR and partner personnel. The IGO and UNHCR Uganda are also assisting the Ugandan Government and police in their own investigations into corruption by government officials relating to, among others, irregularities in land allocation to refugees, bridge construction, theft of food and non-food items and fuel mismanagement. The IGO is closely collaborating with WFP, implementing partners, NGOs and relevant donor counterparts in a mutual effort to address alleged misconduct as swiftly as possible.

34. The IGO recently opened investigations into resettlement fraud in Khartoum, Sudan, and the investigations are ongoing.

35. The investigations in Kenya and Uganda provided many lessons learned for the IGO and for the Office, resulting in reviews of internal procedures, particularly in high-risk locations. The investigations highlighted serious implications with respect to witnesses and UNHCR staff, requiring greater support for them, particularly refugee witnesses. In response to these challenges and in collaboration with management, the IGO developed a witness support protocol. However, the organization continues to face challenges concerning witness intimidation and is pursuing its efforts to further strengthen the approach to encourage witnesses to come forward. The Investigation Service also tested a joint investigative approach during the Kenya investigations, supplementing investigation specialists with subject matter experts from various divisions in UNHCR. This approach proved effective as it pooled resources and skills, and ensured flexibility. Reporting to member States on investigations was identified as needing improvement. The IGO is chairing a task force with representatives of DFAM, Division of External Relations, LAS and UNHCR Kenya to review current practice and make recommendations to management.

36. The Uganda investigations also demonstrated the importance of collaboration with United Nations agencies, government authorities, operational partners and donors. The Inspector General, together with her counterpart from WFP, travelled on a joint mission to Uganda and attended meetings together with government authorities, donors and partners, allowing for a harmonized approach, better information-sharing and more efficient investigations.

B. Protection from sexual exploitation and abuse, and sexual harassment

37. The IGO undertook a number of activities to strengthen detection and response to sexual exploitation and abuse, and sexual harassment, both internally and at the inter-agency level. Internally, the IGO provided technical advice and support to a wide range of efforts to further improve UNHCR's responses in these areas. For example, it worked closely with the recently appointed Senior Coordinator dealing with issues related to sexual exploitation and abuse, and sexual harassment to prepare a new prevention and response

strategy; participated in dedicated workstreams on protection from retaliation, and protection of witnesses and victims; and took part in several panels to increase awareness around these issues. Seeking to further improve organizational practices and procedures on sexual exploitation and abuse, an external review will take place in 2018 which will also look at related investigation procedures. Externally, the IGO collaborated with actors such as the United Nations Special Coordinator on Improving the United Nations Response to Sexual Exploitation and Abuse, the Inter-Agency Standing Committee and UN-RIS to improve the quality and timeliness of such investigations.

38. The IGO received a total of 120 complaints of sexual exploitation and abuse, which is an increase of 140 per cent from 2016-2017. The increase was expected in light of the significant efforts taken by the organization to raise awareness around this issue, including the importance of reporting such incidents. Out of these, 65 complaints had sufficient information to investigate further, as the complaint was against an identified or identifiable victim. Twenty-two complaints related to UNHCR personnel and 43 concerned UNHCR partners.

39. After review of the 65 complaints, the IGO opened 16 investigations, closed 3 complaints at the intake level and referred 24 complaints to UNHCR implementing partners for action. Twenty-two complaints are still under assessment by the IGO. Of the 16 investigations that were opened, complaints were substantiated in 2 cases, 9 are ongoing, and 5 were closed as the complaints could not be substantiated or were unfounded. Of the 65 complaints, 47 originated from sub-Saharan Africa, 12 from the Middle East and North Africa, 1 from Europe, 1 from Asia and the Pacific, and 4 from Latin America.

40. Complaints of sexual harassment also increased significantly in 2017-2018, with a total of 38 complaints received compared to 6 in 2016-2017 during the same reporting period. The majority of the complaints were received following the global movement against sexual harassment and assault, as well as due to UNHCR's increased focus and outreach in this area.

C. Proactive investigation work

41. Due to the increased workload of the Investigation Service, only one pro-active investigation was undertaken during the reporting period, which looked into UNHCR-funded construction activities in five country operations. The findings were communicated in management implication reports to relevant units and senior management.

D. Partnerships

42. The IGO undertook several investigations concerning complaints of fraud committed by UNHCR's partners. The incidents of fraud varied in complexity and magnitude. The IGO conducted a desk review of some of the key cases, which included root cause analysis and lessons learned. The report on these investigations was shared with senior management for their attention and action.

43. To strengthen the capacity of NGO partners to investigate complaints of misconduct of their own staff, four workshops were organized. In addition to building their investigative capacity, the workshops proved useful in raising general awareness around fraud and sexual exploitation and abuse, as well as how to receive and address such complaints.

E. Fraud prevention

44. In order to improve fraud awareness throughout the organization, several presentations about the work of the IGO were delivered to staff, primarily in field locations where investigations had been undertaken. The IGO trained over 100 UNHCR personnel in 5 duty stations. Given the importance of prevention, the IGO will continue to further develop its outreach to staff.

F. Ad hoc inquiries

45. No ad hoc inquiries were initiated by the Inspector General during the reporting period.

V. Conclusion

46. The reporting period was marked by the consolidation of oversight reforms in UNHCR. While nearly all of the oversight recommendations concerning the IGO have been implemented, the few remaining are expected to be completed by the end of 2018 or in 2019. Through these reforms, and with the strong support of management, the IGO has made significant progress in improving its capacity and capabilities to support the High Commissioner and the Executive Committee in ensuring accountability to the persons UNHCR serves.